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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 003173

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DEPT FOR EAP, EAP/MTS, INR/EAP, INL FOR BOULDIN
DEPT FOR EEB/IFD/OMA
DOJ/OPDAT FOR LEHMANN/ALEXANDRE/BERMAN
SINGAPORE FOR BAKER
TREASURY FOR IA-BAUKOL
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NSC FOR EPHU

E.O. 12958: DECL: 11/15/2017
TAGS: [PGOV](#) [KJUS](#) [KCOR](#) [KMCA](#) [ID](#)
SUBJECT: CORRUPTION UPDATE -- DIPLOMATS, FORMER MINISTERS,
AND JUDGES UNDER A CLOUD

REF: A. JAKARTA 3131
[1](#)B. JAKARTA 2974
[1](#)C. JAKARTA 2953
[1](#)D. JAKARTA 2229

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Classified By: Pol/C Joseph Legend Novak, reasons 1.4(b)(d).

[1](#)1. (U) This message was coordinated with Consulate Medan.

[1](#)2. (SBU) SUMMARY: November's corruption highlights include: a credible media report alleges corruption at the Foreign Ministry; a former minister has been named a suspect in a corruption case involving the sale of two crude oil tankers; legal action against Tommy Suharto--the notorious son of the former president--continues; and allegations of judicial misconduct continue to swirl around the acquittal of a Sumatra illegal logging kingpin. Additionally, the GOI--in a bid to curb corruption and other abuses--is seeking to mandate "good governance" across the country. END SUMMARY.

DIPLOMATS ON THE TAKE?

[1](#)3. (SBU) The Foreign Ministry (DEPLU) is taking some heat on the corruption front. Tempo magazine, Indonesia's leading news weekly, alleged this week that five officials from DEPLU, including current Indonesia Ambassador to the U.S. Sudjadnan Parnohadiningrat, skimmed money off a contract to renovate the Indonesian government's embassy in Singapore in [1](#)2004. According to the report, the treasurer at the embassy at that time confessed to giving large payouts to several DEPLU officials, including (allegedly) a cash payment of USD \$200,000 to Parnohadiningrat, then a high-ranking Jakarta-based DEPLU official. The magazine also reported that the incident was investigated by the now-disbanded Inter-agency Corruption Eradication Team (ICET) but that the dossier had "disappeared" at the Attorney General's Office. Attorney General Hendarman Supandji, who before being appointed AG was head of ICET, has yet to comment publicly on

the accusations.

14. (C) The Foreign Ministry has been the subject of corruption charges before. In 2006, a former consul general to Malaysia was convicted of charging excess fees to Malaysian visa applicants. Allegations of misconduct also surrounded the proposed renovation of the Indonesian embassy in Seoul. In a November 15 discussion, Theo Sambuaga, the head of the national legislature's committee for foreign relations, told Pol/C that he and fellow legislators were "very worried" by the allegations and planned public hearings to discuss the matter.

THE FORMER MINISTER AND THE TANKERS

15. (SBU) Another former top-level official is trying to fend off corruption charges. The Attorney General's Office (AGO) has declared former Minister of State-owned Enterprises Laksamana Sukardi a suspect in a corruption case involving the sale of two crude oil tankers in 2004. According to the AGO, state-owned oil giant Pertamina did not follow proper procedures regarding the tenders, resulting in the tankers being sold below market-rate and causing a loss to the state of up to USD \$100 million.

16. (SBU) The case has already been through several prior iterations: a Business Competition Supervisory Committee report agreed that there was a conspiracy to rig the sale, while the Corruption Eradication Commission (KPK) concluded--contrary to the AGO--that the sale did not result in losses to the state. (Note: Proving "losses to the state" is an essential element if the AGO intends to indict and convict on corruption charges.) Laksamana has mounted a vigorous public defense of his role, suggesting that the AGO also question former President Megawati for whom he served, who he says approved the sale. Laksamana also led a public

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demonstration outside the AG's office recently.

TOMMY BACK IN COURT

17. (SBU) In the latest legal action against Tommy Suharto, the notorious son of the former president, the AGO has launched a civil suit in an attempt to recover approximately USD \$50 million Tommy scammed off the government in a land deal. Tommy was tried and convicted of corruption in the case back in 2000, but the conviction was later overturned by the Supreme Court. (Note: Tommy ordered the murder of the judge who originally convicted him on the corruption charge, a crime for which he was sentenced to 10 years in prison. He was released after serving less than five years.)

18. (C) Regarding the present case, it isn't clear whether the AGO really thinks it can win a judgment against Tommy, or if it is simply applying pressure in hopes of collecting some USD \$50 million of Tommy's assets currently frozen in a bank in the UK (ref D). Tommy has announced his intention to file a counter-suit. In a recent meeting, Sidney Jones--head of the International Crisis Group here and a leading Amcit observer of Indonesia--told Pol/C that she doubted that the AGO's case would pick up much traction because of the Suharto family's continuing influence in so many sectors of society. That said, she noted that Tommy Suharto was considered "a disgrace" by many Indonesians.

JUDICIAL MISCONDUCT SUMATRAN-STYLE?

19. (SBU) Controversy continues to surround the recent acquittal of notorious illegal logging kingpin Adelin Lis on charges of illegal logging and corruption (ref A). Lis went into hiding immediately upon his release on November 5, apparently to avoid re-arrest by the police on money laundering charges. The North Sumatran High Court and the Judicial Commission have both announced they will launch investigations into the conduct of the judges who acquitted

Lis. In addition to allegations of misconduct against the judges, some observers have alleged that prosecutors deliberately left out key pieces of evidence in order to provide grounds for an acquittal.

GOOD GOVERNANCE IS MANDATORY

¶10. (SBU) On the positive (if implausible) side, Indonesia's governance woes will apparently soon be a thing of the past, according to State Minister for Administrative Reforms Taufik Effendi. Effendi recently told a UN-sponsored governance forum that more than half of Indonesia's districts and municipalities are already employing the GOI's "good governance system" and that a new bill would require all local entities to do so by the end of 2008. Effendi was effusively optimistic that making "good governance" mandatory was enough to do the trick, but he did caution that good governance is unlikely to succeed if local administrations do not put into place "transparent and accountable systems."

HUME